

# Hartmann

**Corporate presentation**

16 November 2021



# Hartmann at a glance

## Strong positions

Global leader in moulded-fibre egg packaging

South American leader in fruit packaging

World's largest technology manufacturer

## Snapshot

15 factories and 2,500 employees

Expected 2021 revenue of DKK 2.6-2.8bn with 7-10% profit margin

Focus on expansion with 2021 investment outlook around DKK 550m



References to operating profit and profit margin are before restatement for hyperinflation (IAS 29) and special items, unless otherwise stated.

# Business model



# Strategy – trends and strengths

## Trends

### Demographics



Population growth  
Increasing prosperity  
Urbanisation  
Retail growth

### Sustainability



Growing awareness  
Single-use plastic ban  
Well-proven alternative

### Consumer behaviour



Consumption growth  
Demand for more egg types  
Focus on nutrition and animal welfare  
Clear differentiation of eggs

## Strengths

### Expertise



Customer advice  
Consumer research  
Data-based approach

### Platform



Solid market positions  
+50 countries  
15 factories

### Products



Versatile portfolio  
Renewable and tailored  
FSC and CO<sub>2</sub> neutral

### Technology



Proven since 1936  
Industry-leading  
Internal and external

## Q3 2021 highlights

### Revenue

**DKK 630<sub>m</sub>**

- Moderate growth driven by addition of new activities
- Volume affected by low demand and fewer promotions
- Currency impact of DKK -10m

### Earnings

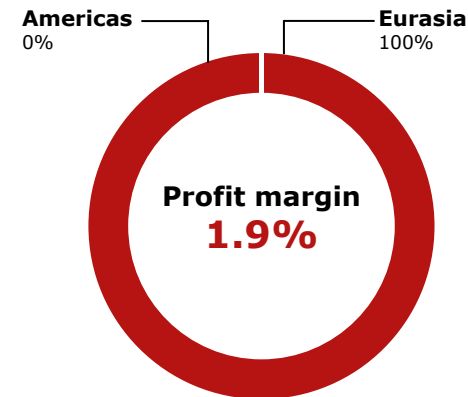
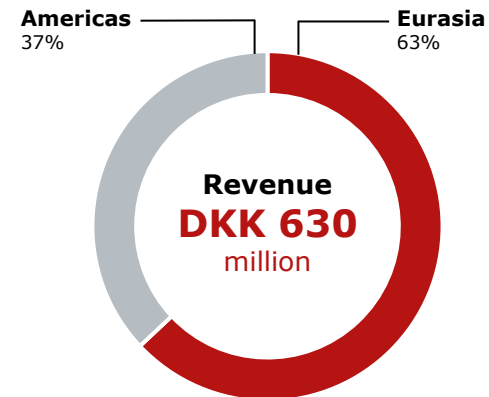
**DKK 12<sub>m</sub>**

- Sharp rise in raw material prices
- Capacity utilisation down due to low demand
- Improved product and price mix

### Investments

**DKK 131<sub>m</sub>**

- Capacity expansion in Europe and the US on track
- Capacity to be put into use in 2021 and early 2022



# Guidance 2021 and financial ambitions

## Guidance 2021 as adjusted on 28 October

Revenue

**DKK 2.6-2.8bn**

Profit margin\*

**7-10%**

Investments

**DKK ~550m**

- Continued high energy and paper prices
- Low demand due to phasing out of COVID-19 restrictions and fewer promotions
- Positive effect from DKK 78m licence income from IPR settlement in Q1
- Investments include acquisition of Russian business for DKK 113m

*\*Before restatement for hyperinflation and special items*

## Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin\* of at least

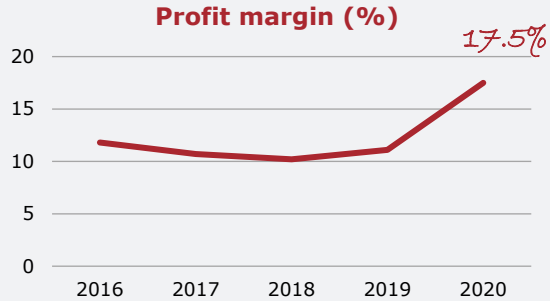
**14%**



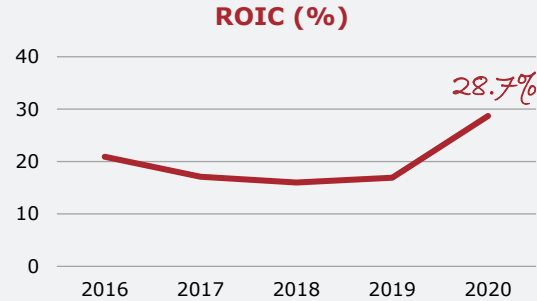
More on COVID-19  
in the Q3 report  
on page 9

# The longer perspective

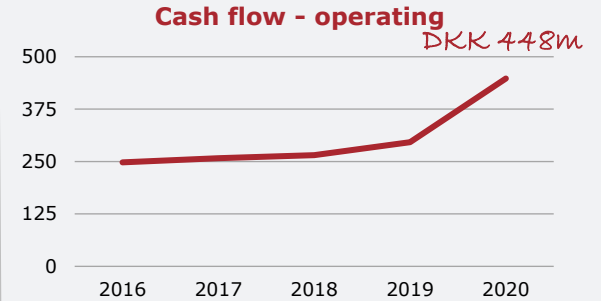
## Solid earnings



## Attractive returns



## Strong cash flow



## Favourable market trends



Demographics



Sustainability



Consumer behaviour

## Contact information

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### Upcoming events

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Annual report 2021	8 March 2022
Annual general meeting 2022	26 April 2022
Q1 interim report 2022	19 May 2022
Q2 interim report 2022	17 August 2022
Q3 interim report 2022	15 November 2022

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Torben Rosenkrantz-Theil  
CEO



Flemming Steen  
CFO

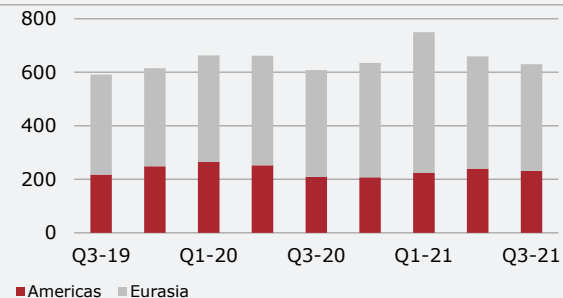


## Appendix: Financials Q3 2021

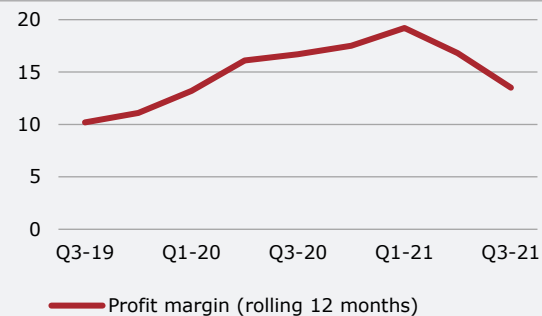
- Moderate revenue growth on expanded production platform
  - Positive impact of acquisitions and average sales price
  - Subdued demand and lower capacity utilisation
  - Negative currency impact of DKK 10 million
- Profitability impaired by external costs
  - Severe negative impact from raw material prices and lower efficiency
  - Improved price and product mix

DKKm	Q3 2021	Q3 2020
Revenue	630	608
Operating profit	12	98
Special items	0	(1)
Profit	1	58
Free cash flows (operating and investing)	(107)	45
Invested capital	2,110	1,481
Profit margin, %	1.9	16.0
ROIC, %	12.3	17.8

### Revenue (DKKm)



### Profit margin (%)



## Appendix: Key figures and financial ratios

DKKm	Q3		9M	
	2021	2020	2021	2020
<b>Revenue</b>	<b>630</b>	<b>608</b>	<b>2,039</b>	<b>1,933</b>
Eurasia	399	399	1,345	1,207
Americas	231	209	694	725
<b>Operating profit</b>	<b>12</b>	<b>98</b>	<b>263</b>	<b>354</b>
Eurasia	20	74	255	238
Americas	(2)	28	25	130
Special items	0	(1)	0	(8)
Net financials	(3)	(19)	(2)	(60)
Profit	1	58	182	206
Free cash flows	(107)	45	(206)	159
<b>Profit margin, %</b>	<b>1.9</b>	<b>16.0</b>	<b>13.0</b>	<b>18.2</b>

## Appendix: Balance sheet

<b>DKKm</b>	<b>30.09.21</b>	<b>30.09.20</b>
Assets	2,794	2,134
Net working capital (NWC)	371	340
Invested capital (IC)	2,110	1,481
Net interest-bearing debt	835	475
Equity	1,270	985
ROIC (rolling 12 months), %	12.3	17.8
Equity ratio, %	45.5	46.1
Gearing, %	65.7	48.2

## Appendix: COVID-19 update



### Impact

- Drop in demand after phasing out of restrictions
- Substitution back to food service from retail sales
- Fewer supermarket off-season promotions
- Fluctuations in raw material prices

### Risk

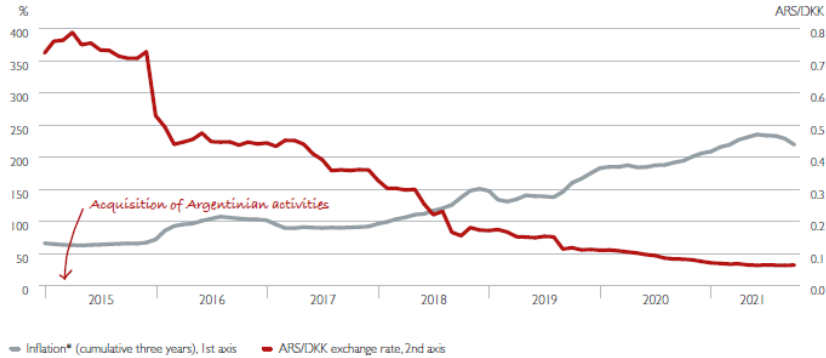
- Lower visibility and elevated operational risk
- Economic implications and currency fluctuations
- Temporary production and distribution interruptions as well as raw material price hikes

### Focus

- Protect employees, partners and customers
- Monitor developments across markets
- Adjust prices to mitigate raw material price hikes
- Ensure supplies, operations and deliveries

# Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina

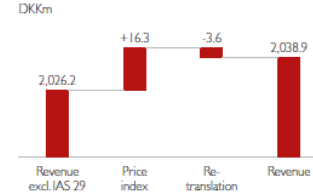


Effects of restating for hyperinflation on selected accounting figures year to date

DKKm	Excl. IAS 29	Price Index	Re-translation	Total adjustment	2021 to date
Revenue	2,026.2	16.3	(3.6)	12.7	2,038.9
Operating profit before depreciation	371.4	(5.2)	(0.6)	(5.8)	365.6
Operating profit	262.7	(11.6)	(0.4)	(12.0)	250.7
Net financial items	1.2	(3.2)	0.2	(3.0)	(1.8)

\* Restatement for hyperinflation is made based on Argentina's Wholesale Price Index up to 31 December 2016 and on the National Consumer Price Index from 1 January 2017.

Effects of restating year-to-date revenue



The total effect on 9M 2021 revenue of restating for hyperinflation under IAS 29 is a combination of restating for price index developments and the effect of using the exchange rate at the balance sheet date for purposes of translating from the Argentine peso into Danish kroner.

The price index rose by 37% during the first nine months of the year, boosting revenue by DKK 16.3 million. The increase offset a decline in the ARS/DKK cross rate from 0.07199 at the beginning of the year to 0.06505 at 30 September 2021 reducing revenue by DKK 3.6 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 2,038.9 million after a net positive impact of restating for hyperinflation of DKK 12.7 million.

For more information about hyperinflation, see page 84 and note 31 in the annual report for 2020

Read more in the Q3 report on page 25

# Forward-looking statements

## Disclaimer

This presentation contains forward-looking statements reflecting management's expectations of future events and must be viewed in the context of among other things the business environments and currency markets, which may cause actual results to deviate materially from those projected by Hartmann.